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porations, and to the nature and extent of the support obtained by promoters. Here are two chapters in which the author has followed American writers so closely as to approach the limit of propriety. Not only is there liberal use of the paraphrase, but there are not a few instances of literal translation. Shares and bonds are considered in two carefully prepared chapters which cover familiar ground. Next is a brief but excellent discussion of the part played by financial institutions and syndicates in the issuance of securities, and a detailed consideration of consolidation. These chapters are followed by a brief description of equipment bonds and income bonds. Reorganization is treated in some detail, and full credit is given to the work of Dr. Daggett for materials. Attention is then directed to convertible bonds and short-term notes and their effect upon the investor. The final chapter is concerned with the report of the Railroad Securities Commission.

As has been said, the method of treatment is historical and descriptive. The author has stated the facts as he found them, and he has not attempted either to praise or to condemn. The result is a manual which should be of distinct service to the German investor, but one which will add little to the knowledge of the American student who is interested in the general subject of European investments in American railroad securities.

F. W. POWELL.

Chicago.

Depreciation and Wasting Assets and Their Treatment in Assessing Annual Profit and Loss. (See AMERICAN ECONOMIC REVIEW, vol. III, p. 387.)

The reason that, in accounting, the book values of wasting assets should not be marked either up or down to follow the market price of similar property, is that the property represented by the wasting assets is never in the market for sale when once it has been acquired and dedicated to the use of a particular undertaking and thus subsequent fluctuations in the market price of similar property do not affect the question of depreciation. An undertaking using wasting assets is, and for accounting purposes must always be treated as, a going concern; and a going concern will apply its wasting assets to the purposes for which they were acquired, and will not act as a dealer in the purchase and sale of such property for profit. Therefore, after the purchase of wast-

ing assets at a certain cost, be it high or low, the accounting problem is confined to the proper distribution of that cost over the years of the efficient life of the wasting assets. Suppose a machine costs \$1100 with expected life ten years and scrap value \$100, the proper provision for depreciation is \$100 a year. It makes no difference at all that in five years the market price of such a machine may have advanced to \$1500. It is still only necessary within the ten years to refund the cost of the machine which was purchased for \$1100. When it becomes necessary to purchase another machine at the end of ten years it may cost \$1500 which will need a capital outlay of \$500 in excess of that needed for the purchase of the first machine, but this circumstance does not render inadequate the allowance of \$100 per annum for depreciation on the first machine which cost only \$1100. It cannot be too clearly stated that depreciation is not a provision for the cost of future renewals, but is solely concerned with the need of replacing the cost of wasting assets already acquired, and which are being wasted in the process of earning the revenue of an undertaking.

P. D. LEAKE.

London.

NEW BOOKS

- ABBOTT, H. S. *A treatise on the law of public securities.* (Chicago: Callaghan & Co. 1913. Pp. xx, 1280. \$7.50.)
- ATKINSON, W. W. *The psychology of salesmanship.* (Holyoke, Mass.: Elizabeth Towne Co. 1912. Pp. 246. \$1.)
- BABSON, R. W. *Business barometers used in the accumulation of money; a textbook on applied economics for merchants, bankers and investors.* Sixth edition. (Wellesley Hills, Mass.: Babson's Statistical Organization. 1913. Pp. 426. \$2.12.)
- BENDER, M. T. *A digest of the bankruptcy decisions under the national bankruptcy act of 1898, reported in the American bankruptcy reports, vols. 21 to 27 inclusive.* (Albany, N. Y.: M. Bender & Co. 1913. Pp. xvi, 583. \$5.)
- BRACE, H. H. *The value of organized speculation.* Hart, Schaffner & Marx prize essays, XIV. (Boston: Houghton Mifflin. 1913. Pp. xii, 290. \$1.50.)
- BUREAU OF MUNICIPAL RESEARCH. *Handbook of municipal accounting.* (New York: Appleton. 1913. Pp. xxx, 318. \$2.)
- COLE, W. M. *Cost accounting for institutions.* (New York: Ronald Press Co. 1913. Pp. 263. \$2.50.)
- COLLINS, C. A. *Productive sales methods.* (New York: Collin Armstrong. 1913. Pp. 68.)